

Chapter – 01

INTRODUCTION

The production is set in motion and in action to serve ones ultimate objective. The process of meeting the countless needs of consumers is the primary essentially of producers like farmers, manufactures etc. who produce for the ultimate consumers. The physical movement of goods and services is known as transfer of title from the producer to the consumer.

Marketing is the process of transferring place, time and ownership utilities. This involves two distinct aspects. VIZ. – mental and physical. Marketing is really a skill of selecting and satisfying consumer. Marketing is the phase of business activities though which human wants is satisfied by exchange of goods and services.

1.1 Meaning and Definitions of Marketing

1.1.1 Evolution

The word ‘MARKET’ owes its origin to the word ‘MARCATUS’ implying merchandise ware traffic trade or place where business is conducted.⁽¹⁾

1.1.2 Meaning

Marketing is the economic process by means of which goods and services are exchanged and their value is determined in terms of money prices.⁽²⁾

1.1.3 Definitions

❖ American Marketing Association

“Marketing includes all those activities having to do with effecting changes in the ownership and possession of goods and services. It is that part of economics which deals with creation of goods and services. It is that part of economics which deals with the creation of time, place and possession utilities and that phase of business activity through which human wants are satisfied by the exchange of goods and services for some valuable consideration.”⁽³⁾

❖ Prof. William Stanton

“Marketing is a total system of interacting business activities designed to plan, price, promote and distribute wants, satisfying products and services to present and potential customers.”⁽⁴⁾

❖ Profs. Tousley, Clark and Clark

“Marketing consists of those efforts which effects transfer in the ownership of goods and services and which provide for their physical distribution.”⁽⁵⁾

1.1.4 Meaning of Agricultural Marketing

Agricultural Marketing is one of the manifold problems, which have direct bearing upon the prosperity of the cultivator.

‘Agricultural Marketing in its widest sense, comprises all operations involved in the movement of food and raw materials from the field to the final consumer.’⁽⁶⁾

❖ Definition

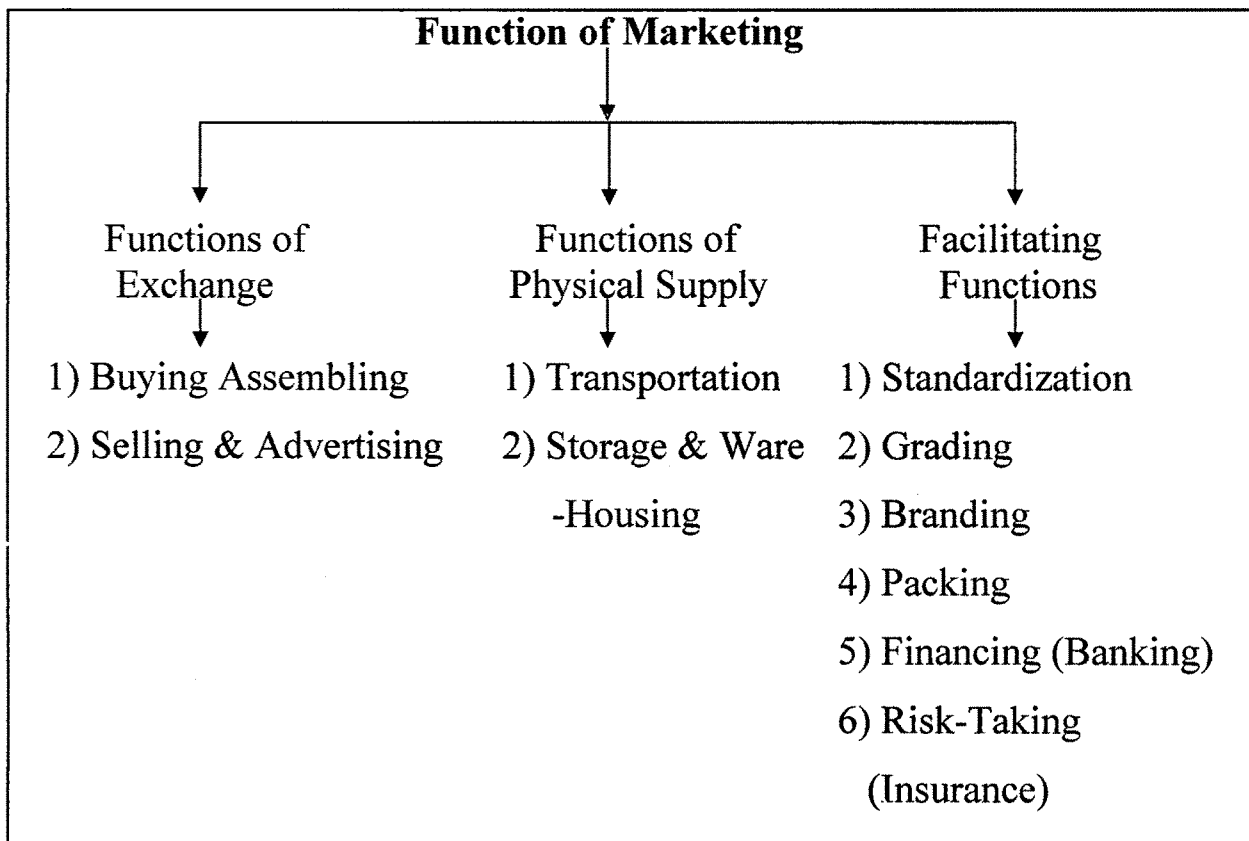
New standard Encyclopedia

“Agricultural Marketing includes all processing that transforms a farm product into a usable commodity.”⁽⁷⁾

1.2 Marketing function

Marketing function is a specialized activity performed in marketing. A marketing function is necessary to take goods from the place of origin to the place of consumption. Thus, it is an act or operation or service in order to link the original producer and the ultimate consumer. The marketing functions are built around the process of marketing involving concentration, equalization and dispersion.

These functions of marketing may be classified as.



1.2.1 Functions of Exchange

1) Buying

Buying is the process of selection of goods on the basis of price, quality and reliability.

Buying is the primary function of marketing. It is concerned with the selection of goods to be sold, to earn a good profit, efficient and economical buying is necessary.

2) Assembling

Assembling means putting together. In the case of marketing the term assembling indicates the collection of some type of goods from various small and scattered producers or bringing together a wide variety of goods for resale by single establishment. From a wide geographical area for resale.

Assembling is very essential for agricultural goods. However it is not restricted to agricultural products only, but it relates to manufactured goods also.

3) Selling

Selling is the process whereby goods and services finally flow to the consumers who need them, when the firm performs its function of distributing its products among consumers.

4) Advertising

Advertisement means to make the product known to the world.

However, the purpose of advertisement is not only to bring the products to the notice of the consumers, but also to

create desire in the minds of the people to purchase to the products; because the aim of advertisement is to increase the sale.

1.2.2 Functions of Physical Supply

1) Transportation

Transport means carrying of goods and passengers from one place to the other. It brings mobility to men and materials. Transport is an integral part of commerce. It is physical means by which the goods are moved from the place of production to the place of consumption.

Transport helps the industries to gather a large number of workers, collect huge raw material at one center for production and also helps to the manufactures to deliver the manufactured goods to their ultimate consumers.

2) Storage & Warehousing

Warehousing is the act of storing goods in properly constructed warehouse or godowns with the object of protecting them from deterioration in quality and other risks, such as fire, theft, weather effects etc.

Warehouse is the place used for the storage or accumulation of goods. Warehouses store goods and release them as and when required. Thus, they create time utility.

1.2.3 Facilitating Functions

1) Standardization

Standardization means laying down certain standards on the basis of physical and other properties of goods, such as colour, size, quality, purity, etc. For the purpose of grading goods.

Standardization includes the establishment of standards, storing and grading of products to conform to these standards, repacking, breaking up large quantities into smaller units of desirable size and products inspection. Thus, standards are norms of models to which production must conform.

2) Grading

Grading is one of the important features of standardization, Grading means the classification of goods into different classes in accordance with predetermined standards.

In other words, F.E. Clark – It involves the division of products into classes made up of units possessing similar “Characteristics of size and quality.”

3) Branding

Branding means naming the product either literally as ‘Passing Show’ or symbolically as, ‘Monkey Brand’ etc., in order to make it distinct from other rival products.

The brand i.e. trade name of trademark can be registered with the government, so that others are prohibited to make use of the same name for their products. Brand is a

comprehensive term, which includes names, designs and symbols.

4) Packing

Packing means the wrapping and placing of goods in suitable containers to protect them against spoilage, breakage, leakage, etc. before they are distributed or stored without proper packing. Packing has therefore, become a distinct and separate function of marketing. Packing is important for proper transportation and storage of goods.

5) Financing (Banking)

Bank is an institution, which deals with money. Since 1975 regional rural banks were established in all the states in India to develop the rural economy by providing finance and other facilities to small and marginal farmers, artisans, agricultural labourers and small businessmen. Land development banks are established for meeting the needs of loans of the agriculturists.

6) Risk Taking (Insurance)

Insurance is a device invented by man to protect him against the risks. Persons, who are open to the same kind of risk, say death, come together and contribute certain money to a common fund. The person, who suffers loss from such risks, is compensated from this fund. Thus, his loss is spread over a number of persons and as such only that person is not required to suffer heavy, unbearable loss.

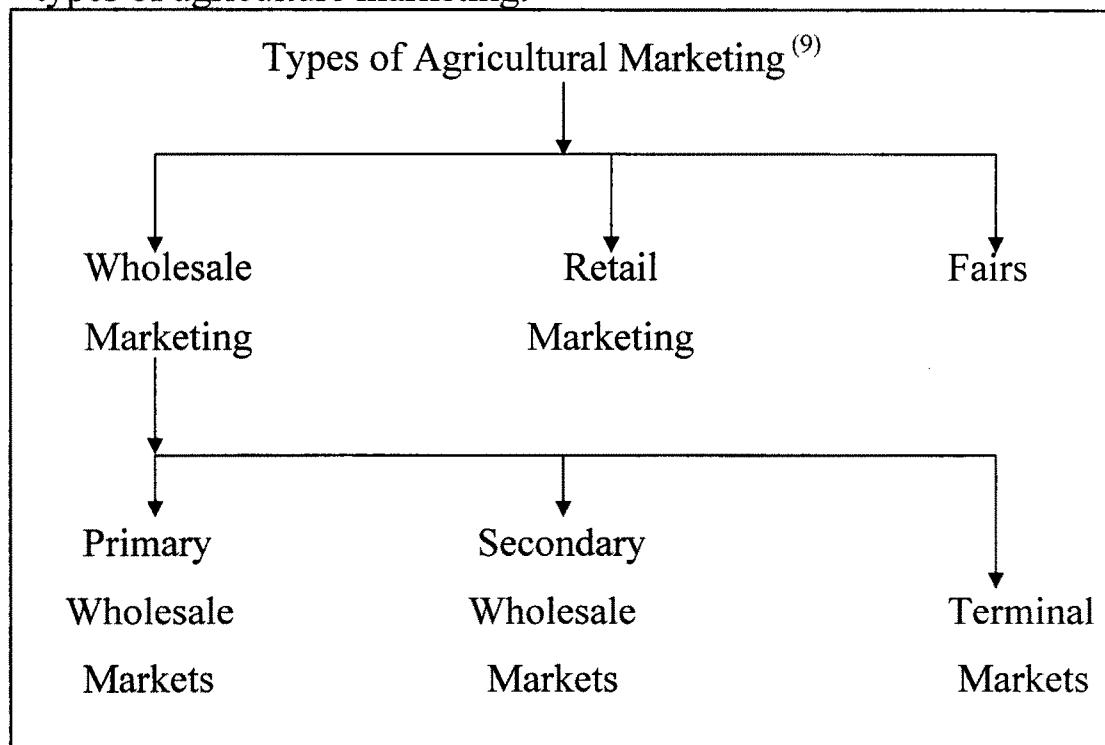
Thus, insurance is a co-operative device to spread the loss caused by a particular risk over a number of persons who are exposed to it and who agree to insure themselves against the risk.

1.3 Market Structure and Working

1.3.1 Introduction

In agricultural marketing are involved the putting up of the surplus in the market through definite channel. Some experts are of the opinion that India's marketed surplus is increased due to increase in food grains production.

Market for the agricultural produce may broadly be classified into categories. The following chart shows the various types of agriculture marketing.



1.3.2 Wholesale Markets

These Markets are subdivided into

1) Primary Wholesale Markets

Primary wholesale markets are those where the bulk of arrivals is from villages or village bats. These markets are periodically held. Agricultural produce or livestock or both are sold in these markets. There are about 22,000 such markets located mostly in the interior of the country.

These markets deal in sale of fruits and vegetables, food grains, cloth, earthen, wares, lac and glass bangles and articles of daily use and transactions take place either for cash or exchange in household requisites.

Village Panchayats organizes such markets and every shopkeeper has to pay some rent for the space he occupies. Here haggling and bargaining is a common feature.

2) Secondary Wholesale Markets

Secondary wholesale markets, also known as Mandis and Gunjs, stretch over a wide area covering from 10 to 20 miles. There are about 1700 such markets in the country. In these markets the bulk of arrivals is from other markets. These are usually situated in the district and taluka headquarters, important trade centers or near railway stations.

The wholesale markets are held in fixed places where business is transacted daily. There are best forms of organized markets for the sale of agricultural products, fruits and vegetables

and enjoy the facilities of storage and handling and banking services and are well connected by roads and railways.

These markets may be decentralized, scattered over the different parts of a town or centralized in a particular part of a town where the arhtiyas shops are located. Private persons or local bodies usually own these.

3) Terminal Markets

Terminal Markets are those in which the produce is either finally disposed of direct to consumers or processors or assembled for shipment to foreign destinations or for redistribution to surrounding areas. Such markets are usually the parts, which possess sufficient warehousing and storage facilities and cover a very wide area extending over even a state or town.

It may be observed that a particular market may function as a primary wholesale market for some agricultural commodities, which are produced locally, and as a secondary market for other commodities.

1.3.3 Retail Markets

These are found scattered all over the town or a city or concentrated in particular localities. They are owned by the retailer's subjects to municipal control. They usually deal in all types of produce and serve the needs of the city people as well as the surrounding villages. Cloth Market, Sharafa Market, Grain Mandi, Vegetable Market, Shoe Market, Hand ware Market, Sweet meat

Market and Grocery Market are usually found located in different parts of the city.

1.3.4 Fairs

These are held, on religious occasions at pilgrim centers and number over 1700, Of total 50% deal in live stock only; 10% deal both in live stock and produce and 40% deal in agricultural products only. Produce fairs are all found in Bihar and Orissa only. While livestock fairs are held in Utterpradesh, Madyapradesh, Maharashtra, Punjab, Haryana and West Rajastan.

These fairs are held annually specially in the months of October. Camels, horses, bulls, donkeys, cows, bullocks, sheep and goats are usually sold at these fairs. District Officers and Local bodies or private agencies organize such fairs and the duration of live stock fairs varies from one day to 3 local bodies or private agencies.

Such religious fairs are Magh Mela at Allahabad, Kartiki Snan Mela at Kurkeshetra and Garh Muketeshwar and Pushkar snan at Pushkar.

1.4 Methods of Sales.⁽¹⁰⁾

For agricultural goods there are various different methods. These are as follows.

1) Sale by Inspection

The principle 'Caveat Emptor' (Let the buyer beware) is the undertone of this method. But in case of products where standardization is inapplicable and where goods are of perishable

nature, this method falls. There this system is replaced by simple and description method of selling.

2) Sale by Sample

In case of goods, which are bulky in nature and have different qualities, selling by sample is preferred. Unnecessary cost of transportation of entire goods to the market before the sale is affected can be avoided by this method. The seller is however legally bound to sell the same quality of goods shown to and approved by the purchaser.

3) Sale by Description

This method is adopted in the case of manufactured goods where standardization is perfects such production can be easily described in a catalogue. These products cannot be sent for inspection or sample given.

e.g. Machinery items, Consumer durables, etc.

4) Under Cover

In addition to agricultural goods following methods are used.

This is a method, which is followed in commodity markets. In such places a large number of brokers or agents participate in buying and selling. The prices are fixed in a peculiar and crude form and settled by clapping of hands or manipulating fingers, which are covered. Of late, this method has disappeared due to the passing of 'Forward contracts (Regulation)

Act.' This system is capable of cheating the seller and the buyer since the methods followed are not familiar to them.

5) Open Auction

Goods are assembled in a particular place and buyers are permitted to inspect them. At the scheduled time, the buyers assemble and they offer their prices individually. It is a kind of bidding and the sale is affected in favors of highest bidder.

6) Close Tender System

The buyers will have to record the price they offer in writing. The offer is then deposited in a box in a closed cover. At the scheduled time the covers are opened in the presence of buyers. Here also the sale is affected to the highest bidder. Compared to open auction there is one advantage. The buyers cannot join together and push down the prices. This method is adopted by a number of companies and Government Organizations. Now days both in making purchases for themselves and in selling secondhand articles.

7) Dara Sales

When a large quantity of articles is to be sold and that too in a short period, this method is adopted. The entire quantity is sold at a flat.

8) Moghum Sales

When the sale is based on oral understanding about the price, it is called Moghum Sales. It is a gentleman's agreement. This method is followed when cultivators borrow from the traders before harvest and markets are far away from the producer's place. The traders sell the products only at later date after assembling them. The cultivator is paid the price on the basis at which the trader has sold the product in market.

1.5 Defects in Agricultural Marketing ⁽¹¹⁾

Though, agriculture is the main occupation in India, there is a number of defects, which are summarized as follows.

1) Absence of organization

The merchants in India are not uniform in agricultural marketing. Cultivators are illiterate and do not know the technique of earning much income over their expenses. Farmers do not know the city market operations. The merchants exploit farmers while purchasing the farm products.

2) Forced Sales

Farmers borrow from the traders on the condition of selling their annual production to such traders; farmers suffer from losses both by borrowing and selling. Traders charge higher rate of interest than banks. Secondly, they purchase agricultural produce from farmers at the lowest prices, city prices are high and

farmers would have earned profits. Less prices charged by traders are the second loss to the farmers.

3) Number of Middlemen

A number of middlemen play their malpractices with farmers. These long chains of middlemen cause higher prices to consumers and less return to farmers. They are village merchants, itinerant merchants, kacha dalals, pacca dalals, commission agents, wholesalers, retailers, etc. They function at various levels in the process of assembling and distribution of produce and reduce the income of farmers.

4) Multiple Market Charges.

In absence of statutory control the farmers pay various market charges. Such charges have become customary charges, which differ from market to market. They are not properly defined or specified. They are not uniform even in the same market where buyers pay them. Middlemen charge merchant, middlemen and agent middlemen, packing charges, transport charges, hamali charges, weightment charges, etc. Which are innumerable in number. Some deductions take place, apart from heavy charge like karda charges.

5) MalPractice in the Market.

Malpractices are the regular features of an agricultural produce market. They are,

- a) No mission nor commission to settle the disputes.
- b) No standard weights and measurements.

- c) Excess free samples distribution without the consent of Producers.
- d) Sales under the table lead to exploitation.
- e) Commission agent exploit farmers.

6) Sale of Ungraded Products.

Products of agriculture are not standardized nor graded. The soil differs and so quality of products differs. Water facilities varieties of seeds, chemicals, produce variety of quality of products. It cannot be possible to grade the produce.

7) Absence of Market Information

The efficient system of marketing implies a regular supply of accurate information with regard to prices ruling from time to time to the producer. The interpretation of market news is helpful in deciding or formulating business plans or policies regarding crops to be grown, the time to sell and to buy, the charges of market, etc. Hence, market news is helpful and important in regard to grades, standards, etc.

8) Absence of Storage

There is general dearth of storage facilities in rural and urban areas. Forced sales take place due to the absence of storage. Framers are compelled to sell the produce at lower prices. The absence of storage cannot facilitate the farmers to get fresh credit for ensuring cultivation expenses.

9) Absence of Transport

Transport annihilates distance and creates nearest market contracts. The absence of transport facilities can force the farmer to sell the produce at the local market at the lowest prices. Agricultural products are perishable in nature and they need immediate transfers with the help of transports. In some parts, transports are developed to some extent. They are costly and services are insufficient. Inefficient transport systems delay and decay the produce.

10) Absence of Finance

The village moneylenders who are refinanced by wholesalers of indigenous bankers finance the cultivator. The producer does not hold the produce for long periods. He cannot take any processing activities. He is compelled to accept low prices for his next expenses or for the repayment of old debt. He can be compelled to sell the produce at the available prices, which may be the lowest. If financial facilities are available, the farmers can postpone his produce for sale.

11) Absence of Uniform Weights & Measurements

Multiplicity of weights and measurements is another obstacle of marketing. These weights and measurements differ from region to region but also from product to product. In many places non-recognized iron, pieces or stones are used as the

measurements. The evils caused by this diversity are further aggravated by the exploitation of middlemen.

12) Absence of Regulated Markets

Absence of regulated markets, insufficient number and weak organization of co-operative societies create inconvenience to producers. Lack of research and marketing at promptness are also defects.

13) Absence of Government Participation

The Government is natural in supplying marketing facilities. Government should abide by such responsibility to supply immediate market, decent prices, adequate finance, etc.

1.6 Remedies to Remove Defects ⁽¹²⁾

To check and control the defects some effective remedies should be introduced as early as possible. Some suggestions are mentioned here to remove the defects of agricultural marketing as follows.

1) Co-operative Marketing

Co-operative marketing is an association of farmers, formed to perform one or more of the marketing functions relating to the marketing of their produce. Co-operative associations buy and sell the products of member farmers. Co-operative marketing associations perform the services of selling agents, supply of accurate market information, standardization, storage, assembling, packing and processing functions. Co-

operative marketing is helpful to solve the problems of the farmers.

2) Availability of Credit facilities

Farmers can get full opportunities to dispose of their productions in open markets of cities at high prices. They should be given credit facilities for purchasing their seeds, fertilizers, etc not by moneylenders but by institutions.

3) Market Information

Farmers should be given market information about the nature, tastes, fashions, and demand of consumers and practices of competitors. The farmers can bring their products for sale where there is a demand for their products.

4) Commercial Crops

Agricultural products are insufficient to market. Even the annual products cannot be sufficient for consumption and therefore, surplus or excess production is not considered. Food grains are perishable and they need quick marketing whatever is the price level. If agriculture productions are commercial like sugarcane, cotton, etc. agricultural produce, market may serve the purpose by contributing marketing functions.

5) Storage facility

People or Government fail to store agricultural products. If the price is less, productions can be stored till the price is high.

The storage can maintain and contain freshness of productions. They may be sold at high prices due to their freshness.

6) Transport Facilities

The carriage of products from the production center to the sales center must be carried in case transport facilities are available. Roads, tracks should be properly constructed. Otherwise, transport systems cannot operate effectively. High prices are in city markets. Goods can be carried from the plenty center to the scanty center. The place utility can be derived from the transport system.

7) Standard Weights and Measurements

The Government or respective state Government should fix up standard weights and measurements. There should be reliable transactions between the dealers and bargainers. Dealers should receive not deceive the customers by using defective measurements.

8) Elimination of Middle men

Generally producers believe the middlemen and relieve them from the difficulties of selling. If the producers contact the customers, producers can get much profit and consumer will get much benefits. The middlemen offer least price to farmers and sell at high prices to consumers. Hence, both producers and distributors cannot get any expected facilities from middlemen.

9) Education to Farmers

Many mistake the innocence of cultivators who are uneducated. If the cultivators are educated they cannot allow the malpractices in the market. They can claim increased prices. They can select the cropping patterns, rotations, double-crops or multiple crops to produce more to get more returns.

10) Incorporation of Regulated Markets

The defects of malpractices of dealers must be checked and controlled. Regulation of markets aim at promoting orderly marketing and increasing the income of producers. The establishment of regulated markets can stimulate only legal and loyal marketing activities.

Regulated Markets can enforce certain legal conditions. It can provide a package of facilities to create adequate demand. The cultivators can collect expected returns at feasible price to sell the produce. From the help of regulated markets, the farmers can be facilitated with the availability of suitable chemicals, fertilizers, seeds, pesticides and agricultural equipment.

1.7 **Statement of Problem**

The present Topic entitled, "*A Study of working of Krushi Utpanna Bazar Samittee, Wai*" has been taken up for the study so as to understand the general working and the related aspects.

1.8 Objectives of Study

✓ The main aims and objectives of the present study are as follows.

- 1) To learn purpose of establishment of the Krushi Utpanna Bazar Samittee, Wai.
- 2) To understand structure, organization and management of Krushi Utpanna Bazar Samittee, Wai.
- 3) To study rights and duties of authorized persons in Krushi Utpanna Bazar Samittee, Wai.
- 4) To study the benefits derived by the farmers from Krushi Utpanna Bazar Samittee, Wai.
- 5) To study the financial aspects of Krushi Utpanna Bazar Samittee.
- 6) To study nature of problems of Krushi Utpanna Bazar Samittee.
- 7) To give observations and suggestions about Krushi Utpanna Bazar Samittee, Wai.

1.9 Hypothesis of the study

✓ For the purpose of the study the following main hypothesis have been formulated.

- 1) Krushi Utpanna Bazar Samittee is run as per the Act and Rules and Regulations amended, under Maharashtra Agricultural Produce Marketing (Regulation) Act. 1963.
- 2) Krushi Utpanna Bazar Samittee helps farmers to get reasonable prices for their agricultural products.

- 3) The organisation and management of Krushi Utpanna Bazar Samittee, Wai seems to be satisfactory.
- 4) Bazar Samittee helps the agents and the traders to get agricultural products in bulk quantities.

1.10 Research Study

✓ The present study is concerned with working of Krushi Utpanna Bazar Samittee, Wai. The required data for the study has been collected from documentary sources as well as from fieldwork. The researcher used the following methods of data collection.

a) Primary Data

- 1) For collecting primary data, oral interviews were conducted for the office bearers and the concerned staff.
- 2) Detailed questionnaires were prepared and circulated among the farmers, commission agents.
- 3) For collecting primary data on the spot observations were made.

b) Secondary Data

Secondary data is useful for this study. It was collected from the following sources.

1) Published Sources

Annual Reports of Krushi Utpanna Bazar Samittee, Wai. From 2001 to 2006.

2) *Unpublished Sources*

Other information collected from office of Krushi Utpanna Bazar Samittee, Wai.

1.11 Scope of The Study

✓ The present study mainly focuses on actual working of the organisation, management and significance of Krushi Utpanna Bazar Samittee, Wai.

The present study deals with the transactions between the farmers and the traders and the main purpose of establishment of the Krushi Utpanna Bazar Samittee, Wai.

1.12 Limitations

This study deals with the actual working of Krushi Utpanna Bazar Samittee, Wai. This study mainly focuses on the organization and management of Krushi Utpanna Bazar Samittee, Wai.

With the scope of this study, the following limitations are considered for this study.

- 1) It is proposed to study only Krushi Utpanna Bazar Samittee in Wai.
- 2) The study covers the period of 5 years
i.e. 1st Oct. 2001 to 30th Sept. 2006.

1.13 Arrangement of Chapters

The present study deals with the working of Krushi Utpanna Bazar Samittee, Wai. For this study following arrangements are done for various chapters. The present study is divided into 5 chapters.

1) Introduction

This chapter presents general information of the study and introduces Agricultural Marketing about Krushi Utpanna Bazar Samittee, Wai.

2) Agricultural Regulated Markets in Maharashtra

This is the second chapter. This chapter shows the progress of regulated markets in Maharashtra and setup of Krushi Utpanna Bazar Samittee, Wai.

3) Functioning of Krushi Utpanna Bazar Samittee, Wai

This is the 3rd chapter. This chapter shows the actual functioning of Krushi Utpanna Bazar Samittee, Wai.

4) Progress of Krushi Utpanna Bazar Samittee, Wai.

This is the 4th chapter. This chapter shows the financial position during the period 2001 to 2006 and progress in various areas in last 5 years.

5) Conclusions and Suggestions

This is the 5th chapter. This chapter includes conclusions and suggestions for Krushi Utpanna Bazar Samittee, Wai for the its working and other functions.

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